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ABSTRACT

The concept of public marketing presents a strategy for the systems approach to community development that would facilitate the community decision making process via improved communication. Basic aspects of the social marketing process include: (1) product policy; (2) channels of distribution; (3) pricing (perceived price vs quality and quantity of services); and (4) communications (between city managers and citizen consumers). Social marketing research can provide the community with: survey results and guidelines for resource allocations; citizen feedback in the form of educational materials which affect attitudinal and/or use changes; and population identification and characterization. Among the techniques which can be adapted to the social marketing research process are: (1) community inventory (citizen assessment of local conditions via a checklist); (2) reconnaisance approach (overview information derived from key citizens/groups via small samples); (3) delphi or group diagnosis (interviews with a small but select group of individuals); (4) macrostructural models (analysis of large amounts of data on social, political, and economic institutions); (5) opinion or attitude surveys (community needs determined via public opinion surveys). An exemplary marketing approach is now operative in Yuba City, California where traditional approaches to community development have been recast into a total system. (JC)

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PUBLIC MARKETING
AN ALTERNATIVE POLICY DECISION-MAKING IDEA FOR SMALL CITIES

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Preface

The purpose of this series is to provide small community officials with information on the latest community related research finds of University of California, Davis, researchers. The Community Development Research Series is funded by a special grant from the Regents of the University of California.

The series does not attempt to provide answers to every community's problems, rather, the attempt is to provide information leading to another view of the problems uniquely faced by small communities.

INTRODUCTION

Community development is becoming the cornerstone of the public policy formulation process. It is more urgent than ever before for communities to assess their own developmental needs, and to translate this information into social policy, in the form of specific projects and programs, with as little delay as possible

For several reasons--including current federal policy, the increasing sophistication of citizens, and the growing complexity of policies and regulations--there is need to integrate earlier community development models into a systems approach. One such approach is the "public marketing" strategy.

Use of the marketing model as a way of looking at the problem of delivering goods and services is as appropriate for cities as for private enterprise. In some ways, it is even more critical for communities because a private organization has more direct feedback mechanisms with much shorter time lags. If a private company does not meet the needs of its customers, it will shortly fail to make a profit. Unfortunately, within a community the time lag is much longer and the feedback much less direct--hence, inappropriate decisions can more easily be made both by the managers and administrators as well as the consumer-residents and business sectors of the community.

NEED FOR A "MARKETING STRATEGY"

Americans generally are not at ease with the notion of "marketing" public goods and services. But, the advent of inner-city blight and other problems suggests that cities, large and small, must adopt a new strategy if they are to survive. As Milton Kotler so aptly says:

> "The process of city administration is invisible to the citizen who sees little evidence of its human components but feels the sharp pain of taxation. With increasingly poor public services, his desires are more insistently expressed. Yet his expression of needs seems to issue into thin air, for government does not appear to be attentive to his needs."

There are several reasons why marketing principles may be appropriately used by communities:

--The New Federalism policy transfers much of the responsibility for community development from the federal level to the state, county and individual communities. Local governments are using revenue sharing monies and funds from the new Housing and Community Development Act to begin to restructure their processes of economic, social and physical planning and development. A crucial need, therefore, is for communities to determine the appropriate allocation of their resources based on locally-assessed needs and priorities.

--Increasingly, citizens are finding political campaigns to be popularity contests, and less satisfying as a way of communicating specific needs and concerns about their community.

--A majority of larger communities now use the city manager system, which tends to be relatively independent of politics. This may allow for a more rational set of community--assessment and resource-allocation programs.

All of the above factors encourage comprehensive planning for economic and social development by the cities, themselves. Our view is that if one considers the city as a source of goods and services, and both the residents and business/industry sectors as consumers of these goods and services, then, much practical value can be gained from the "marketing model" approach.

CHARACTERISTICS

Before looking at specific applications of marketing techniques to community development, it may be useful to compare some general characteristics of the typical city with the typical business or private nonprofit organization.

Funding. Business firms, of course, receive their funds from the sale of goods or services to customers; and, private nonprofit organizations receive theirs from donors. The city represents a much more complex situation. Its funds for operation come both from consumers--in the form of property taxes, sales tax, bond assessments, etc.--as well as from redistributed funds through the county, state and federal levels.

Consumer Behavior. In the commercial market place, the customer, ordinarily, has a variety of choices and may purchase either locally or elsewhere. Within the community, the consumer is more a captive,--with little choice in the selection of schools, parks, recreation facilities, health facilities and police and fire protection. Obviously, a citizen can determine that he will no longer live in that community. Also, to the extent that children move away after high school, the revenue they would supply to the city is lost. If these events occur, the community can be said to have failed to provide goods and services that satisfy its consumer-residents. Today, this type of failure is becoming of major consequence in many cities.

The Marketing Process. For profit-making organizations, the marketing task includes the basic function of facilitating and consummating exchanges--for cities, there is a similar responsibility. The city's marketing task includes the need to view consumers as grouped into segments, rather than as a homogenous whole. The city must know its segments and interest groups, their needs and their demands.

The community must not only market goods and services to individuals and groups and to industry/business sectors, it also must "sell" the community to state and federal organizations which are the source of outside funds. Most communities no longer can meet the demands of all residents with only locally produced resources.

Criterion of Success. A company is judged in terms of the profit it makes for its stockholders, but in a community the criterion for success is satisfaction of the consumer.

Today, many, possibly most, of the residents in a typical community are not aware of the complex relationships between the goods and services that the city offers and the sources of revenue that make these goods and services possible. However, since the citizen is both a consumer and a manager-stockholder, he has the right to voice his opinions on (1) the products/services to be delivered,

and (2) the mode of delivery. To do so requires a reasonably efficient two-way information-transfer system. Hence, the need for a"marketing" strategy.

Social Marketing Tools. Basic aspects of the marketing process include (1) product policy, (2) channels of distribution and, (3) pricing. An additional overriding requirement is communication.

Product Policy. Basically, this is the determination of which goods and services are to be made available to the consumer. In the community, product policy unquestionably is the most critical aspect of the marketing process. What are the tradeoffs among various services that the community might offer? How would they be financed? Should the community attempt to offer services or goods which would attract the unemployed? Ethnic minorities? Senior citizens?

If the assortment, type and quality of products and services available within the community are not satisfactory, eventually there will be a loss of resources to pay for them--either because of the loss of residents to other communities, or the unwillingness of citizens to assess themselves or to volunteer time and effort.

Channels of Distribution. For the profit-making organization, channels of distribution ordinarily include wholesalers and retailers. Within the community, there is much more variation. Some channels of distribution go directly to individual households (water, electricity, gas), while others require the consumer to go elsewhere (parks, hospitals, schools). Some services are distributed primarily on the basis of unique events (fires, police activities), and others require the consumer to report to certain offices at certain times (welfare).

Availability of goods and services through these channels is a crucial characteristic; the degree of satisfaction a consumer receives will depend to a large extent on that availability. Availability reflects: (1) location, (2) days and/or times of day when the goods or services can be obtained, and (3) in some cases, language or cultural barriers.

Pricing. Obviously, to the extent that a private firm can maintain sales volume and increase prices, it will make more profit. However, in the community, pricing is a more complex activity. In some cases, there is a direct exchange of money for services--for instance, the fee for use of a swimming pool or tennis courts. In other cases, pricing is an indirect function which may take place outside the community--for example, the price of gasoline, electricity and natural gas. Another, also indirect, pricing activity involves the local tax assessment for services such as schools.

When consumer-residents are not charged directly, it is difficult for them to visualize the connection between the types and amounts of goods and services available, and the money required to pay for them. Clearly, communication is needed here.

When there is a discrepancy or apparent discrepancy between quality and/or service and the perceived price that the consumer pays, dissatisfaction results. Here, too, the situation is more complex than in the private market. In the

community situation, not only may the consumer go elsewhere to satisfy that particular need--but his dissatisfaction will have its effect in the future, in the form of unwillingness to support a voluntary activity or to vote for increased taxes.

Another, more subjective, price paid by residents is what they give up in order to live in a particular community. For example, living there may make it inconvenient to enjoy cultural events, sports or other activities. The price also may be calculated in terms of the time and effort that residents volunteer for community activities.

Communications. A final and crucial aspect of the marketing process, in communities as well as in the private market, is communication. Many communication techniques are available to residents of a community and to local government. If citizens are to financially support their community over the long run, it would appear mandatory for managers of the city to (1) communicate what they want to do, the alternatives, and what contributions they expect from resiients; and then, (2) pay attention to feedback from the citizens.

Certainly, communications about sources of funds and how they are utilized can be useful in attracting additional revenue from residents. Also, effective communication with state and federal organizations can be crucial in attracting outside funds to the community.

MARKETING RESEARCH

The core of the marketing concept is marketing research, a task which usually is neglected by communities. Work in this area generally has been limited to preparation of community "profiles", which essentially catalog local resources. (Unfortunately, even this information usually has not been communicated effectively to consumer-residents.)

There is, however, another very important area of social marketing research--the process of determining the attitudes, practices and knowledge of consumer-residents with regard to the community. If satisfying consumers is a basic goal, then it is essential to know what they feel, think and do about products and services offered by the community.

Techniques used by private firms are available for use by local government. From this kind of research, the community can get an idea of how goods and services are used (or not used), and the degree of satisfaction felt by the users. Some notion of what types of goods and services are desired by residents also can be obtained.

By analyzing the results of such research in relation to various geographical, ethnic, economic or other segments of the population, several important benefits can be obtained:

1. Survey results can provide guidelines for resource allocation.

2. Results can be fed back to the consumer-residents, along with appropriate interpretative and educational material. This may well result in changing attitudes and/or consumer use patterns.

3. Careful analysis of marketing research data also can identify and characterize population segments which were not visible before. For example, what appear to be groupings based on geographical location might well turn out to be, more importantly, based on income or ethnic background. Unless homogenous segments in the community are clearly identified according to their real distinguishing characteristics, resource allocation can be only partly successful.

Several techniques have been developed which may be adapted by communities to the social marketing research process:

The community inventory--this is by far the oldest and most widely accepted method of determining community problems and assessing existing resources. Basically, it involves citizen assessment of local conditions, using some form of check list or inventory. (Roland Warren's Studying Your Community is the classic model.) Unfortunately, in complex urban environments this method often appears too overwhelming to local officials because of the many community facilities and programs to be evaluated.

The reconnaisance approach--this is a technique of obtaining an overview or "snapshot" of a community. The basic strategy is to get information from key citizens or interest groups by using a small sample of persons from each group. This data, then, is compared with other information and secondary sources to formulate a picture of community needs and priorities. This method can provide good data on the community, but it requires professional competence.

Delphi or group diagnosis method--the technique, developed by Rand Corporation, is a process which involves interviews with a relatively small but well-selected group of individuals over a period of time with information feedback during the process. The results are used to shape concensus toward common goals and policies. A liability of this method, like the previous one, is that it is "expert"-centered. In some cases, the selected persons providing the information may not completely reflect local concerns and interests.

Macro structural models--this technique assumes that existing institutions in a community can be used to predict social dimensions--political cohesion, etc. The method requires collection of large amounts of secondary data on social, political and economic institutions, and careful analysis. This method is very useful in larger scale studies--for nations, states and even counties--but, it has deficiencies for local neighborhoods. Also, it does not provide for local citizen involvement.

Opinion or attitude surveys--sampling public opinion by questionnaire or interview is a widely used technique to ascertain community needs. It works best when facts are needed about a particular program or service. However, it is easier to measure the degree of general satisfaction or dissatisfaction than it is to determine specific needs. Translating survey results into policy is a touchy process; also, using surveys to monitor impacts of a policy may be expensive.

An Illustration of Public Marketing in a Community Development Program

In Yuba City, California, (Population 30,000 with suburbs), a public marketing approach is being tested with the participation and assistance of local colleges and universities. The citizens of Yuba City (the buyer or purchaser market) will be offered the opportunity to provide the local governing body (the city council) with their preferences via a city wide questionnaire. The community executive structure (city manager and department heads) will attempt to process this information, tabulate the cost-benefits analyses and disseminate this data back to the residents by means of a handbook. Town meetings will then be organized throughout the city and suburbs to develop a clear set of goals and priorities from the citizens, themselves. After these community meetings are held and preferences for resource allocations selected, the local government will be responsible for representing these desires in the form of a "Civic Action Plan".

The Yuba City Goals program is a unique blend of elitist and pluralist community organization, and of the market strategy for decision making. It utilizes many of the traditional approaches to community development, but recasts them in a total system easily understood by both lay person and public official. The city governing structure in this model takes on the role of a marketing organization by translating community desires into policy outputs.

The Yuba City experiment provides an opportunity to examine whether community development models, which are highly dependent on face-to-face and group interaction, have the vitality for modern governmental decision making. In this case, the public marketing model was suggested by the city council and administration as the clearest and most relevant means of developing a framework for community input.